

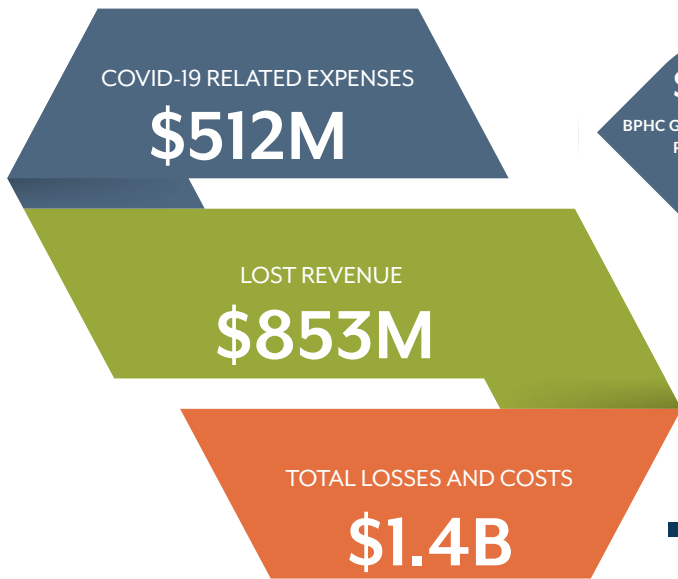


Financial Impact of COVID-19 on California Federally Qualified Health Centers

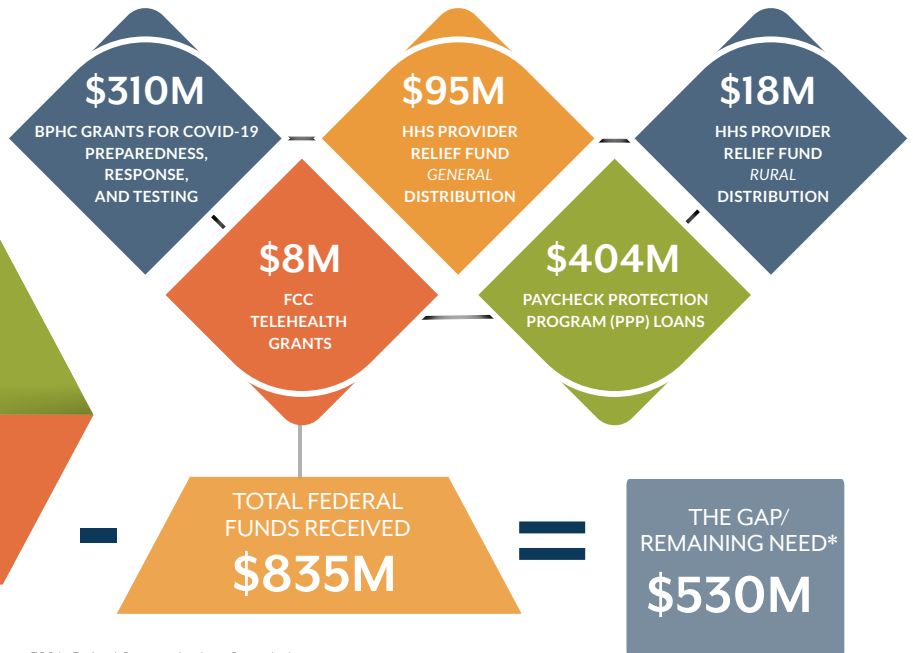
STATE ESTIMATE: APRIL 2020 – DECEMBER 2020

As a result of the COVID-19 pandemic, California’s **202** Federally Qualified Health Centers (FQHCs) experienced a **23%** decline in patient visits between April and December 2020, as patients complied with stay-at-home orders. The FQHCs pivoted quickly to providing care virtually, with **53%** of visits delivered via telehealth. However, the loss in patient visits severely impacted health centers’ revenue, jeopardizing their financial viability even as they continue to play a critical role in the pandemic fight. The largest centers — and those serving the highest proportion of Medi-Cal patients — bore the brunt of the financial losses. The data below highlight California FQHCs’ net projected losses from April through December 2020, after taking into account critical federal support made available through December 2020 and show the negative impacts on the largest centers and the patients they serve.

FQHCs’ Projected Losses and Costs



COVID-19 Relief Funding Received

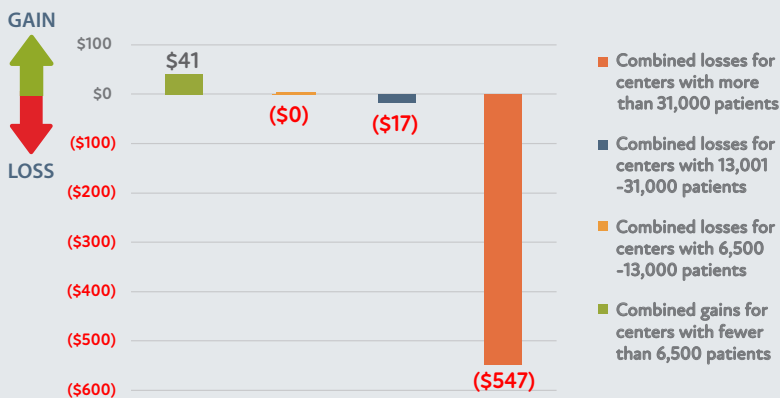


Note: BPHC is Bureau of Primary Health Care. HHS is California Health and Human Services Agency. FCC is Federal Communications Commission.

Which Centers Sustained the Greatest Losses?

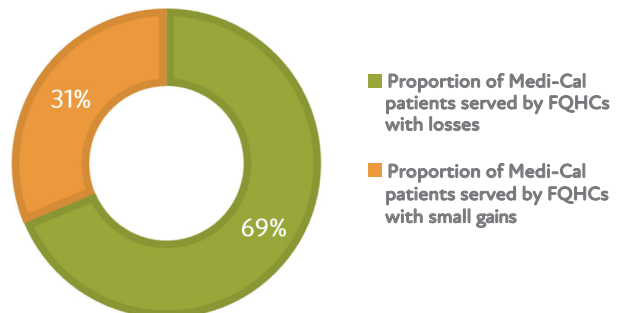
Whether measured by revenue size, number of patients, or number of sites, the largest centers bore the brunt of the financial losses between April and December 2020.

Combined Losses (in millions) by Health Center Size



In 2019, California FQHCs served almost **3.7 million** Medi-Cal Patients. The centers that experienced losses collectively served **69%** of the total.

FQHC Medi-Cal Patients Affected by Financial Losses



*This estimate assumes that all PPP loans will be forgiven, which may not ultimately be the case. It also does not account for major capital needs, costs related to vaccine deployment, or capacity to meet pent-up patient demand.

Methodology and Data Sources

The data analysis contained in this infographic was conducted by Capital Link, based on information from the following sources:

1. FY19 audited financial statements of 192 California FQHCs (both Section 330s and Look-Alikes), collected by Capital Link.
2. 2018 and 2019 Uniform Data System (UDS) reports submitted by 202 California FQHCs to the Health Resources and Services Administration (HRSA).
3. HRSA's Data Warehouse for the number of California FQHC sites and the amount of COVID-19 grants issued to each California FQHC.
4. HRSA's Health Center COVID-19 Survey, including weekly responses from health centers from April 4, 2020, through November 27, 2020.
5. US Department of Health & Human Services (HHS) Data Warehouse for the amount of Provider Relief Fund (PRF) General Distribution issued to each California FQHC health center:
 - o General Distribution estimated at 2% of 2018 Net Patient Service Revenue.
6. HHS Data Warehouse for the amount of each PRF Rural Distribution issued to each rural California FQHC health center:
 - o Rural Distribution based on FQHC site addresses mapped by RUCA codes 4, 5, 6, 7, 8, 9, and 10, with a fixed amount of \$103,253 per rural site.
7. FCC telehealth grants as published by the PCC on July 8, 2020.
8. Small Business Administration (SBA) Paycheck Protection Program (PPP) loan amounts for each eligible California FQHC:
 - o Based on surveys of health centers in several states conducted by Capital Link and the National Association of Community Health Centers (NACHC) between April 13, 2020, and June 9, 2020, and:
 - » For survey nonrespondents, the SBA PPP loan amount was calculated for eligible health centers (those with 2019 UDS FTEs less than 450), from FY2019 Audited Financials: Salaries & Related Expenses, divided by 12 and multiplied by 2.5.
 - » If a health center's FY19 audit was not available, the loan amount was calculated as follows: Total Revenues (from 2019 UDS) multiplied by the California FY19 median for Personnel-Related Expense as Percentage of Operating Revenue, as calculated from the FY19 audits. The result was then divided by 12 and multiplied by 2.5.
9. COVID-19-Related Expenses include costs of purchasing personal protective equipment (PPE); telehealth implementation; and facility modifications related to COVID-19. They were estimated on a per-patient per-month basis, based on data collected from health centers in multiple states by NACHC and Capital Link between March and October 2020.

About the Author

Capital Link is a national nonprofit organization focused on strengthening FQHCs — financially and operationally — in a rapidly changing marketplace. For more than 25 years, the organization has helped health centers plan for sustainability and growth, access capital, improve and optimize operations and financial management, and articulate their value.